

Electronic Filing System (ELF-R) – Privacy Impact Assessment

PIA Approval Date – Apr. 15, 2009

System Overview:

The primary purpose of Electronic Filing System ELF-R is to act as a pass through application for electronically filed individual and business tax returns. The tax returns and tax return data are received via other systems and ultimately traverse to ELF-R for processing. The function of ELF-R is to perform validation checks on those returns prior to passing the data to other systems. In addition to data validation, ELF-R formats data, compiles statistical data, and extracts state return data.

Systems of Records Notice (SORN):

- IRS 22.062 – Electronic Filing Records
- IRS 34.037 – Audit Trail and Security Records System.
- IRS 24.030 – CADE Individual Master File

Data in the System

1. Describe the information (data elements and fields) available in the system in the following categories:

- A. Taxpayer – ELF-R receives and processes electronically filed individual tax returns as defined in Internal Revenue Code (IRC) Section 6103(b)(2). This includes the following data elements:
- Taxpayer name
 - Address
 - Social Security Numbers (SSN)
 - Tax Return Data
- B. Audit Trail Information – EARS records the activity of its users; the date and time of the event, the user (first 3 characters of the users SEID), the type of data being searched for (EFIN, ETIN, SSN) and the search argument (specific EFIN, ETIN or SSN that was requested).

The EARS application does not have auditing specific to programmers or administrators. However, EARS runs on a windows server so there is directory/server level auditing provided by windows.

- C. Other – ELF-R acts as a conduit for processing tax returns filed electronically. ELF-R receives data and then validates that data. Once validated, ELF-R passes the data into other systems. The data received and validated in ELF-R represents data from tax returns filed electronically. Other data that ELF-R receives is information relating to:
- Third party Electronic Return Originators (EROs)
 - Transmitters
 - Paid tax return practitioners
 - Third party bank account information (when a taxpayer chooses to accept a Refund Anticipation Loan (RAL) from the third party)

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.

A. IRS – ELF–R receives data from five other sources. The data elements and the source where the data is received is as follows:

- Electronic Management System (EMS) – This system receives tax returns that were filed electronically and sends them to ELF–R. The EMS sends all information contained in the electronic tax return to ELF–R. For a complete list of data see the Publication 1346: Electronic Return File Specifications for Individual Income Tax Returns.
- National Account Profile (NAP) – The NAP enables IRS caseworkers to have the most current and complete taxpayer entity information by providing users on-line access to Taxpayer Identification Numbers (TIN). ELF–R sends an extract of TIN and Declaration Control Number (DCN) information to the NAP. The NAP checks the extract against its records and sends back a file containing the TIN and the results.
- State Retrieval System (SRS) – SRS sends a state acknowledgment of state returns filed electronically.
- Third Party Data Store (TPDS) – TPDS sends ELF–R a file of valid EFIN. Anyone attempting to file using an EFIN that is not on the list will receive an error (Error Code 0029).
- Financial Organization Master File (FOMF) – The files received by FOMF contain valid routing and transit numbers for direct deposit requests.

Files are received via tape cartridge and are manually loaded upon receipt of the tape cartridge. There is no connection or sharing with this system. The FOMF is created from Federal Reserve Bank's (FRB) Treasury Master File. Once a month Financial Management Service (FMS) sends the IRS a tape containing the FOMF data. ELF82 (a job run in ELF–R) is run at ECC-MTB and extracts data from FOMF–TAPE to create the ELF8220 (a job run in ELF–R) file. This allows ELF–R to validate the information submitted in the electronic return.

3. Is each data item required for the business purpose of the system? Explain.

Yes. Each tax return data item is required so that the IRS can correctly process the tax return and can try to implement any taxpayer request for forwarding of a state income tax return, payment of balance due, and disposition of overpayment.

4. How will each data item be verified for accuracy, timeliness, and completeness?

ELF–R applies various methods to check for accuracy, timeliness, and completeness. These include:

- Record counts
- Validity checks are performed on the field lengths and types as the data is loaded into ELF–R.
- The Re–circulating Master file is periodically checked if any data discrepancies are found. The Re–circulating Master provides the history of the returns that are kept for the ELF–R application by Employer Identification Number (EIN).

In addition, ELF–R shares data with NAP. The NAP does a check to ensure that a return has not already been filed. ELF–R continues to process the return until it gets the results back from NAP. If NAP has found that a return has already been filed, then ELF–R will create an error report and the second return filed will be denied.

In addition, the ELF-R scheduler runs “picky jobs,” which are file checkers that run at various points throughout the process to ensure that files have not been damaged or dropped. An automated re-run keeps track of the file counts. If the file counts do not balance then ELF-R processing will stop. There is also a balance job that checks the reject rates.

5. Is there another source for the data? Explain how that source is or is not used.

No. There is no other source for the data.

6. Generally, how will data be retrieved by the user?

The mainframe component has no end-users, just administrators and developers. In order to access the jobs you must authenticate (login) to the mainframe.

The EARS (windows) side has end-users (both admin and non-admin users) who authenticate to the network. Access is controlled through windows domain group memberships, normal users have read only access to the application; administrators have access to additional directories on the server.

The ELF-R application programs and subsystems run batch jobs and pass data to other systems. There are no end-users with the exception of read-only access to the EARS subsystem of ELF-R. The other users are administrators or programmers and they authenticate at the mainframe and windows environments.

EARS report data can be retrieved by the following:

- Report type
- Date and drain

EARS acknowledgement data can be retrieved by the following:

- SSN
- EFIN
- ETIN
- Date and/or date range

7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?

Yes. EARS is a system that allows help desk assistants to search and view acknowledgement records for electronically filed returns. Users can retrieve records using the SSN, EFIN, ETIN, DATE and/or DATE RANGE as search criteria.

Access to the Data

8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?

Role: End Users (EARS subsystem only)

Permission: These users access the EARS subsystem of ELF-R; however their access is read only.

Role: ELF-R Programmers

Permission: These users have access to develop and modify the programs that comprise ELF-R.

Role: Administrators

Permission: These users have access to the environments where ELF-R resides (MITS-23 and MITS-30). The administrators perform system level privileges such as installing releases and applying hot-fixes to the respective environments.

Note: Contractors do not have access to the application.

9. How is access to the data by a user determined and by whom?

Managers determine who is required to have access. Access is requested via the Online 5081 system, approved by the employees' manager and granted by the system administrator.

10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared.

Yes. Other IRS systems provide, receive, or share data with ELF-R. The following is a listing of the systems and the types of data shared:

- EMS receives tax returns that were filed electronically and sends them to ELF-R. The EMS sends all information contained in the electronic tax return to ELF-R. For a complete list of data see the Publication 1346: Electronic Return File Specifications for Individual Income Tax Returns.
- NAP enables IRS caseworkers to have the most current and complete taxpayer entity information by providing users on-line access to TIN.
- SRS sends a state acknowledgment of state returns filed electronically.
- TPDS sends ELF-R a file of valid EFINs. Anyone attempting to file using an EFIN that is not on the list will receive an error (Error Code 0029).
- FOMF files received by FOMF contain valid routing and transit numbers for direct deposit requests. Files are received via tape cartridge and are manually loaded upon receipt of the tape cartridge. There is no connection or sharing with this system. The FOMF is created from Federal Reserve Bank's (FRB) Treasury Master File. Once a month FMS sends the IRS a tape containing the FOMF data. ELF82 (a job run in ELF-R) is run at ECC-MTB and extracts data from FOMF-TAPE to create the ELF8220 (a job run in ELF-R) file. This allows ELF-R to validate the information submitted in the electronic return.
- E-File Reports is a system that serves as a repository for all IMF electronic filing return management information. ELF-R sends its validated data to E-File reports.
- Electronic Federal Payment Posting System (EFPPS) – ELF-R sends taxpayer data to EFPPS to enable taxpayers to pay their taxes online. ELF-R sends the following taxpayer data to EFPPS: SSN, Taxpayer name, address, phone number, bank account number, routing number, account type, tax codes, payment dates, and tax period.
- Electronic Fraud Detection System (EFDS) – The EFDS is used by authorized IRS personnel to access electronically filed and paper returns, most of which have been scored by the EFDS data mining algorithms for potential criminal and civil fraud. ELF-R also sends its validated data to EFDS.
- Electronic Tax Administration Research and Analysis System (ETARAS) – ETARAS was created to give e-file program owners, managers and executives, information about electronic filing. This system gives the IRS the only nationwide system with attributes of electronically filed returns.
- Tax Return Database (TRDB) is the authoritative data store for electronically filed tax returns for tax years 1998 and beyond.
- Generalized Mainline Framework (GMF) is a Service Center pipeline processing system that validates and perfects data from a variety of input sources. Tax returns, remittances, information returns, and adjustment and update transactions are controlled, validated, corrected, and passed on for Master File posting.

11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?

EMS

- Certification & Accreditation (C&A) – June 2, 2008
- Privacy Impact Assessment (PIA) – December 4, 2007

NAP

- Certification & Accreditation (C&A) – June 7, 2006
- Privacy Impact Assessment (PIA) – May 3, 2006

TPDS

- Certification & Accreditation (C&A) – April 2, 2008
- Privacy Impact Assessment (PIA) – November 26, 2007

EFTPS

- Certification & Accreditation (C&A) – April 3, 2007
- Privacy Impact Assessment (PIA) – June 6, 2006

TRDB

- Certification & Accreditation (C&A) – May 18, 2007
- Privacy Impact Assessment (PIA) – May 22, 2006

GMF

- Certification & Accreditation (C&A) – June 7, 2006
- Privacy Impact Assessment (PIA) – August 10, 2007

TRDB

- Certification & Accreditation (C&A) – May 18, 2007
- Privacy Impact Assessment (PIA) – May 22, 2006

EFDS

- Certification & Accreditation (C&A) – June 20, 2008
- Privacy Impact Assessment (PIA) – August 22, 2007

ETARAS

- Certification & Accreditation (C&A) – May 18, 2007
- Privacy Impact Assessment (PIA) – May 23, 2006

EFILE REPORTS

- Certification & Accreditation (C&A) – June 7, 2006
- Privacy Impact Assessment (PIA) – May 15, 2006

12. Will other agencies provide, receive, or share data in any form with this system?

No. Other agencies will not provide, receive, or share data with ELF–R. ELF–R, however does receive data from an external system via a third party. Files are received by FOMF which contain valid routing and transit numbers for direct deposit requests.

Files are received via tape cartridge and are manually loaded upon receipt of the tape cartridge. There is no connection or sharing with this system. The FOMF is created from Federal Reserve Bank's (FRB) Treasury Master File. Once a month FMS sends the IRS (computing center) a tape containing the FOMF data. ELF82 is run at ECC-MTB and extracts data from FOMF-TAPE to create the ELF8220 file. This allows ELF-R to validate the data submitted in the electronic return.

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period?

ELF-R adheres to the Internal Revenue Manual (IRM) concerning elimination of data and retention periods. Exhibit 1.15.32-1 (4) of the IRM stated retention schedule states, "Delete when 1 year or when no longer needed for administrative, legal, audit or other operational purposes whichever is sooner."

14. Will this system use technology in a new way?

No. ELF-R will not use technology in a new way.

15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.

No. ELF-R will not be used to identify or locate individuals or groups.

16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.

No. ELF-R does not contain the capability to monitor individuals or groups. ELF-R contains an audit database; however this is used only to monitor user activity over the database and is only for those users with access to the EARS subsystem of ELF-R.

17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently?

No. ELF-R does not contain the ability to treat taxpayers, employees, or others differently. ELF-R is an application that acts as a pass-through for data received and sent to other systems. ELF-R validates the data prior to passing the data to another system.

18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?

Yes. When ELF-R rejects a tax return, the taxpayer and Electronic Return Originator (ERO) transmitter have the opportunity to correct inconsistencies and retransmit the tax return. Once ELF-R accepts the tax return, the tax return may still have some problems or errors. After ELF-R forwards it to the other systems listed in question 10 above, the taxpayer will have additional opportunities to respond to any notice of change to the tax return.

19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?

Not applicable. ELF-R is not web based.

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